

Translation

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**Summary of Non-Consolidated Financial Results
for the Six Months Ended September 30, 2019
(Based on Japanese GAAP)**

October 31, 2019

Company name: DAIKEN MEDICAL CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 7775 URL <http://www.daiken-iki.co.jp>
 Representative: President Keiichi Yamada
 Inquiries: General Manager, Business Control Division Kenji Tamamaki TEL 06-6231-9917
 Scheduled date to file Quarterly Securities Report: November 1, 2019
 Scheduled date to commence dividend payments: December 2, 2019
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

(1) Non-consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2019	4,248	1.3	565	(19.9)	579	(17.5)	414	(14.7)
Six months ended September 30, 2018	4,195	(0.9)	705	(15.3)	703	(15.6)	485	(5.1)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2019	14.42		-	
Six months ended September 30, 2018	16.26		-	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2019	10,972	5,894	53.7
As of March 31, 2019	10,970	5,767	52.6

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	-	10.00	-	10.00	20.00
Year ending March 31, 2020	-	9.00	-	-	-
Year ending March 31, 2020 (Forecast)	-	-	-	11.00	20.00

3. Forecast of non-consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	8,500	1.1	1,280	2.4	1,300	4.3	870	2.2	30.28

4. Notes

(1) Application of special accounting methods for preparing quarterly non-consolidated financial statements: Yes

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2019	31,840,000 shares	As of March 31, 2019	31,840,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2019	3,111,559 shares	As of March 31, 2019	3,111,559 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2019	28,728,441 shares	Six months ended September 30, 2018	29,862,672 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	2,217,605	2,181,407
Notes and accounts receivable - trade	2,594,139	2,167,116
Electronically recorded monetary claims - operating	–	619,147
Finished goods	992,486	897,167
Work in process	101,724	98,625
Raw materials	405,653	386,598
Other	34,524	78,703
Allowance for doubtful accounts	(86)	(86)
Total current assets	6,346,047	6,428,679
Non-current assets		
Property, plant and equipment		
Buildings, net	2,168,485	2,131,733
Land	1,703,670	1,703,670
Other, net	403,477	362,552
Total property, plant and equipment	4,275,633	4,197,957
Intangible assets	32,205	28,703
Investments and other assets		
Deferred tax assets	204,341	204,341
Other	141,793	141,560
Allowance for doubtful accounts	(29,050)	(29,050)
Total investments and other assets	317,083	316,851
Total non-current assets	4,624,922	4,543,512
Total assets	10,970,969	10,972,191

(Thousands of yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	895,902	897,171
Short-term borrowings	1,100,000	800,000
Current portion of long-term borrowings	803,998	818,008
Income taxes payable	146,665	188,171
Accrued expenses	446,381	501,388
Other	312,621	200,093
Total current liabilities	<u>3,705,570</u>	<u>3,404,834</u>
Non-current liabilities		
Long-term borrowings	1,459,924	1,630,790
Other	37,569	41,674
Total non-current liabilities	<u>1,497,493</u>	<u>1,672,464</u>
Total liabilities	<u>5,203,063</u>	<u>5,077,299</u>
Net assets		
Shareholders' equity		
Share capital	495,875	495,875
Capital surplus	400,875	400,875
Retained earnings	6,697,738	6,824,724
Treasury shares	(1,826,582)	(1,826,582)
Total shareholders' equity	<u>5,767,905</u>	<u>5,894,892</u>
Total net assets	<u>5,767,905</u>	<u>5,894,892</u>
Total liabilities and net assets	<u>10,970,969</u>	<u>10,972,191</u>

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	4,195,813	4,248,918
Cost of sales	2,172,066	2,388,028
Gross profit	2,023,746	1,860,889
Selling, general and administrative expenses	1,317,812	1,295,604
Operating profit	705,934	565,285
Non-operating income		
Interest income	24	0
Gain on forfeiture of unclaimed dividends	277	435
Compensation income	1,090	609
Subsidy income	200	15,781
Foreign exchange gains	361	–
Other	347	524
Total non-operating income	2,300	17,350
Non-operating expenses		
Interest expenses	2,296	2,425
Commission expenses	2,084	–
Other	764	267
Total non-operating expenses	5,144	2,692
Ordinary profit	703,090	579,942
Extraordinary losses		
Loss on retirement of non-current assets	37,777	0
Total extraordinary losses	37,777	0
Profit before income taxes	665,312	579,942
Income taxes	179,674	165,672
Profit	485,638	414,270

Non-consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	665,312	579,942
Depreciation	149,009	130,591
Interest and dividend income	(24)	(0)
Interest expenses	2,296	2,425
Decrease (increase) in trade receivables	161,041	(192,125)
Decrease (increase) in inventories	(301,443)	117,474
Increase (decrease) in trade payables	24,047	47,563
Increase (decrease) in provision for bonuses	762	–
Loss (gain) on sales of non-current assets	–	(60)
Loss on retirement of non-current assets	37,777	0
Subsidy income	(200)	(15,781)
Increase (decrease) in accounts payable - other	(143,351)	(80,166)
Increase (decrease) in accrued expenses	(59,776)	55,009
Decrease/increase in consumption taxes receivable/payable	(44,489)	38,650
Other, net	(40,559)	(42,956)
Subtotal	450,403	640,567
Interest and dividends received	24	0
Interest paid	(2,380)	(2,492)
Income taxes paid	(158,820)	(129,880)
Proceeds from subsidy income	200	9,715
Net cash provided by (used in) operating activities	289,427	517,909
Cash flows from investing activities		
Purchase of property, plant and equipment	(97,026)	(111,196)
Proceeds from sales of property, plant and equipment	–	60
Purchase of intangible assets	(975)	(2,048)
Payments for asset retirement obligations	–	(35,800)
Other, net	7,549	585
Net cash provided by (used in) investing activities	(90,453)	(148,399)
Cash flows from financing activities		
Proceeds from long-term borrowings	300,000	600,000
Repayments of long-term borrowings	(286,376)	(415,124)
Purchase of treasury shares	(565,554)	–
Dividends paid	(480,315)	(287,320)
Net increase (decrease) in short-term borrowings	400,000	(300,000)
Repayments of lease obligations	(1,793)	(3,263)
Net cash provided by (used in) financing activities	(634,038)	(405,707)
Net increase (decrease) in cash and cash equivalents	(435,064)	(36,198)
Cash and cash equivalents at beginning of period	2,368,211	2,217,605
Cash and cash equivalents at end of period	1,933,146	2,181,407